



DAS Department Update

February 1, 2005

The Department of Administrative Service is changing the way Iowa state government conducts its internal business. Gone are the unregulated monopoly-like entities that formerly provided the infrastructure and facilities services, replaced with customer-focused enterprises accountable for achieving financial results in a competitive business environment. DAS customers are becoming the drivers empowered to choose the products and services that best meet their needs. The DAS approach enables the DAS customers to better serve their customers—the citizens of Iowa.

- 1. What problems existed prior to creating DAS?** Infrastructure and facilities services were sometimes delivered in an inefficient manner and were not consistently charged to customers. Some state agencies were dissatisfied with the service they received and with the lack of choice. Within state agencies responsible for delivering the services, employees lacked incentives to save money or meet customer needs.
- 2. Why was the Department of Administrative Services created?** Governor Vilsack proposed DAS to (1) Improve service to customers; (2) Save money; (3) Streamline government services; and (4) Allow more flexible use of state resources.
- 3. What is the DAS mission?** To implement a world-class customer-focused organization that provides a complement of valued products and services to our customers.
- 4. What is entrepreneurial management?** An entrepreneur is one who organizes, operates and assumes the risk for a business venture. DAS defines “entrepreneurial management” as a *customer-focused* approach to delivering services in a *competitive marketplace*, where business decisions are motivated by the desire to meet customer needs and by rewards or consequences for financial performance.
- 5. What changes have resulted from implementing entrepreneurial management (EM)?** Historically, most funding to cover the cost of DAS services was appropriated to DAS. As DAS began calculating the cost to provide those services during FY 2005 and 2006, funding for those costs was transferred to DAS customer agencies. Many “cross subsidization” problems were resolved during this process.

The EM goal is for customer agencies to be accountable for their financial choices, paying for the services they receive. Four *customer councils* serve as a channel for customer input about

utility services. Over time, the *Legislature's role* will evolve to a review of business plans and financial results, leaving DAS managers free to listen to their customers and make business decisions that best meet their customers' needs.

6. **Why be *customer focused*?** In today's economy, public and private sector organizations are learning to put the customer at the center of their activities. Successful and profitable enterprises are the ones that develop products or services that best meet customers' needs. When DAS makes customers the drivers, empowering them to choose the products and services that best meet their needs, DAS enables them to better serve *their* customers—the citizens of Iowa.

7. **What progress has been made toward accomplishing Governor Vilsack's four goals?**
 - *DAS is improving service to customers* by implementing a Customer Relationship Management System (CRM) to better track customer inquiries and quality standards. Employees are receiving customer service and entrepreneurial management training, and using a skill assessment tool to evaluate the alignment between their skills, job requirements, and customer needs. A new customer service complaint process will expedite problem solving. A new marketing and communications unit is increasing communication with customers.

 - *DAS is saving money by reducing rates or avoiding costs* within the department. Some examples of reductions in DAS rates include a 40 percent reductions in the fees for IT mainframe and fleet administrative management, as well as a price reduction on high-speed photocopying. Two cost avoidance examples include a \$100,000 savings by renegotiating software contracts, and a new program that consolidates the maintenance contracts for office equipment. Selection of a new vendor for office supplies generated savings for those customers and a \$30,000 rebate, which DAS divided among its customers. In the DAS-Human Resources Enterprise, DAS avoided \$2 million in expenses through a health insurance audit, \$20 million in two fiscal years on employee health insurance costs, and saved \$124,000 by finding a billing error in which the state was inappropriately being charged premium taxes. Our efforts to better manage workers comp contributed to a 2.5 percent reduction in last year's premium and a decrease in claims.

 - *DAS is streamlining government services* with its CRM system, which will include a service catalog and service level plans defining agreements to provide utility services. A shared service organizational model provides resources to the four DAS enterprises from common staff resources, which cover staff costs.

 - *DAS is using state government resources in a more flexible way* through creative staff assignments and resource-sharing agreements. DAS shares a Chief Financial Officer with the ICN, part of a merger of the financial resources from three former departments into one. The DAS shared services model allows all four enterprises to share resources in the areas of finance, operations, communications and law.

8. **How is the rate setting process for utility services proceeding for FY 2006 and FY 2007?** FY 2006 utility rates have been finalized by each of the Customer Councils and shared with DAS customer agencies. Differences between FY 2005 and 2006 rates have been disclosed to enable customer agencies to develop accurate FY 2006 budgets. DAS continues to work closely with its customers to explain issues and answer questions.

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FY 2007 rate setting will begin in early spring 2005. Final customer council approval is required by September 1, 2005.

- 9. How and when will DAS customer agencies receive their share of the DAS General Fund appropriation distribution?** DAS customer agencies received their distribution amounts during August and September 2004. They are billed monthly in arrears for DAS utilities. The first bills for July and August 2004 services were sent in September 2004.

DAS is also planning an additional I/3 distribution related to customer agencies that is expected to total \$950,000.

10. What major initiatives currently underway in the DAS?

- The CRM team will launch a significantly improved billing system in July 2005.
- Collective bargaining is underway with a March 15, 2005 deadline.
- A report detailing the thorough evaluation of the Wallace Building was delivered to the General Assembly on January 31, 2005.
- A study evaluating opportunities to consolidate the state's IT functions was delivered to the General Assembly on December 1, 2004.
- A strategic sourcing initiative will give DAS information on how it can spend state procurement dollars more efficiently.
- DAS-GSE is preparing to assist tenants with their moves to the Ankeny Laboratory Facility, scheduled to begin in late February 2005.

11. What is next for the DAS? DAS will be working to:

- Develop DAS FY 2007 rates, including categorization of services.
- Eliminate the silo mentality between DAS enterprises, improving internal communications and operations.
- Change the internal culture of the DAS to more effectively motivate DAS employees and reflect an entrepreneurial organization.
- Refine DAS financing and improve customer billing processes;
- Amend the DAS legislative framework to more accurately reflect the type of entity that DAS has become and to reflect current practices.